

257731 - The correct way of dealing for those whose business is money transfer

the question

I have a money transfer business, and I want to know the Islamically correct way of conducting transactions among those of us who are involved in this business. For example, when I transfer the sum of one thousand Turkish lira (TL) from Istanbul to Ankara, I send a text message to the shop I deal with in Ankara telling them to give So and so the sum of one thousand Turkish lira, and I will pay you a fee of ten Turkish lira. And he does likewise when he wants to transfer money to me. Please note that I have no money left with him and he has no money left with me; we are dealing with one another on a basis of trust, and the custom is that we meet every fifteen days or so to settle the accounts between us, and each of us pays what he owes to the other, whether it is dollars or Turkish lira, according to the currency that was transferred, in order to settle the accounts. Is this method permissible? What is the Islamically correct method?

Detailed answer

Firstly:

It is permissible to transfer cash from one city to another in return for a fee paid to the one who transfers it. Nowadays this procedure is called money transfer.

This has been discussed previously in question no. [87656](#).

If the owner of the money (the customer) gives you money in one currency, and takes it in a different currency in a different city, this is selling currency for currency and transferring it from one place to another. The ruling on this transaction has been discussed in question no. [147284](#).

Secondly:

If you tell your colleague in the other city to give such and such to So and so, when you do not have any money left with him, then in reality what is happening in this transaction is that you are borrowing from him the sum of money that you are asking him to give to that person.

Al-Mirdaawi al-Hanbali (may Allah have mercy on him) said in al-Insaaf (12/311):

If he says: Give such and such to So and so, there is nothing wrong with that, but it is to be regarded as a loan. End quote.

As it is proven that this transaction is a loan, then it is not permissible for the other party to take more than the amount of the loan. There is consensus among the scholars that a loan in which there is agreement to pay it back with something extra constitutes riba (usury).

Ibn Qudaamah (may Allah have mercy on him) said:

Every loan in which it is stipulated that more should be paid back is haraam, and there is no difference of scholarly opinion concerning that. Ibn al-Mundhir said: the scholars are unanimously agreed that if the lender stipulates that the borrower must pay back something extra or give him a gift, and he gives the loan on that basis, then taking the extra amount on that basis constitutes riba.

It was narrated from Ubayy ibn Ka'b, Ibn 'Abbaas and Ibn Mas'ood that they forbade loans that bring benefits. End quote from al-Mughni (6/436).

The fact that you trust your colleague and he trusts you, and you deal with one another on the basis of that trust, does not make the transaction halaal, because what Allah, may He be exalted, has forbidden does not become lawful if two parties consent to it or trust one another. What the Muslim must do is adhere to the rulings that Allah, may He be exalted, has prescribed with regard to loans and other matters.

Thirdly:

With regard to the Islamically correct method of doing such business, it requires you to leave money – held in trust – with your colleague, from which he pays these sums of money, or you should deposit in your colleague’s account the amount of money that you want him to pay out, then after that you can ask him to hand it over to So and so.

In this case, it is permissible for the other party to charge a fee, because now the transaction between you is not a loan; rather you are delegating your colleague to pay what you owe, and appointing someone to act on one’s behalf in return for a fee is permissible.

And Allah knows best.